

GAIL GRIFFIN
STATE SENATOR, DISTRICT 14

CAPITOL COMPLEX, SENATE BUILDING
1700 WEST WASHINGTON
PHOENIX, ARIZONA 85007-2890
(602) 926-5895
TOLL FREE: 1-800-352-8404
FAX: (602) 417-3150

E-MAIL: ggriffin@azleg.gov

ORIGINAL



BORDER SECURITY, FEDERALISM & STATES'
SOVEREIGNTY

NATURAL RESOURCES & TRANSPORTATION

VETERANS & MILITARY AFFAIRS

RECEIVED

2013 AUG 16 P 1:40

Arizona Corporation Commission
DOCKETED

AUG 16 2013

DOCKETED BY	<i>nr</i>
-------------	-----------

AZ CORP COMMISSION
DOCKET CONTROL
August 14, 2013

E-00000 W-13-0135

Dear Commissioners:

As a current State Senator and energy user, I am very concerned about the Arizona Corporation Commission's (ACC) decision in May to reexamine the issue of a deregulated electric market. The thought of Arizona moving toward a reregulated market is disconcerting because those types of markets are marred by increased prices for electricity and reliability issues. If the ACC decides to reregulate our current utility environment, Arizona could lose one of the greatest benefits from its current system - affordable and reliable power.

Arizona's residential rates are below the national average and lower than almost all of the deregulated states across the nation. After reviewing states with "deregulated" markets, I fear power prices will increase for residential customers because retail marketers are primarily interested in large industrial and commercial loads and they will be lured to leave the current system. If those large loads vacate the system to take advantage of special pricing options designed only for them, residents will be left behind picking up all the costs of the existing system.

Reregulation has also affected the reliability of the electric system in states that have adopted it. The decrease of reliability in Texas, Maryland and New Jersey are just a few examples. These states are trying to address these reliability issues but are realizing that they cannot because their decision to deregulate is irreversible.

As a Senator who represents rural areas in the state, I am especially concerned about the impact of increased costs to my constituents as a result of the aforementioned "cherry-picking". Rural area energy use is predominantly comprised of residential and small business consumers. With only a small percentage of commercial and industrial activity, rural consumers are especially susceptible to cost shifts as a result of a restructured electric market. The affect this would have on the electric co-op's is a big concern to me.

In addition to commercial and industrial customers switching and raising costs for residential customers, all customers will have to pay for the increased costs involved with creating and operating an entity to manage the electric transmission grid. The operational expenses of those entities like the electric Reliability Council of Texas and PJM Regional Transmission Organization are approximately \$280 million dollars per year, which are paid by ratepayers. On top of the exorbitant operating costs, there is

Corporation Commission

August 14, 2013

Page 2

the expense of creating the organization which could easily cost more than \$100 million dollars.

To ensure our low and stable rates and reliable service, the ACC needs to quickly and permanently end this relook into the issue of a reregulated retail electric market. The current regulatory model, which includes the ACC's oversight, has kept Arizona's rates low and stable and reliable. Why would you put at risk a system that affords us some of the lowest power prices in the United States?

Thank you.

Respectfully,

A handwritten signature in cursive script, appearing to read "Gail Griffin".

Gail Griffin
State Senator
District 14